



# Edgar Filing: SUNCOR ENERGY INC - Form 6-K

FOR IMMEDIATE RELEASE

JANUARY 17, 2002

## SUNCOR ENERGY ENDS 2001 WITH PROJECT MILLENNIUM COMPLETE, INCREASED PRODUCTION AND EARNINGS

(All financial figures are in Canadian dollars unless noted otherwise. Natural gas converts to oil at a 6:1 ratio. Financial figures for the year ended December 31, 2001 and quarterly figures are unaudited.)

CALGARY, ALBERTA -- Suncor Energy Inc. today announced it set a new company record for oil production and recorded unaudited consolidated earnings for 2001 of \$388 million (\$1.63 per common share), up from \$377 million in 2000 (\$1.58 per common share). Cash flow from operations for 2001 was \$831 million (\$3.52 per common share), compared with \$958 million (\$4.11 per common share) in 2000. Suncor's daily average production rate was 156,600 barrels of oil equivalent (BOE), compared with 154,400 BOE per day the year before.

"The year 2001 was a landmark year for Suncor in that we completed Millennium, a project that is delivering increased production for Suncor and serves as a foundation for our long-term growth strategy," said Rick George, president and chief executive officer. "We delivered on our objective of doubling production capacity to 225,000 barrels per day by year end."

Suncor expects production at the oil sands plant to average about 210,000 barrels per day in 2002 as the new Millennium facilities are fully integrated with base operations. Project Millennium was a four-year expansion of Suncor's oil sands operation with a \$3.4 billion capital cost.

The increase in production, combined with higher natural gas commodity prices and retail margins earlier in the year, contributed to the year-over-year increase in earnings. Suncor's cash flow declined from 2000 primarily as a result of the cost of Project Millennium start-up.

"With Project Millennium behind us, Suncor can focus on getting back to basics in 2002," said George. "We'll focus our efforts on strengthening our business by delivering steady, reliable production and reducing operating costs. And we'll also seek opportunities to debottleneck our oil sands operation and add additional oil production. The company's growth plans will also stay high on our agenda."

George said Suncor will continue construction of its Firebag In-Situ Oil Sands Project and further plans to expand its oil sands business up to 550,000 barrels per day over the next decade.

Another key priority for Suncor is to reduce its \$3.1 billion debt. As part of that effort, Suncor has hedged 40 per cent of its 2002 production to mitigate the impact of an uncertain crude oil market on the company's ability to reduce debt.

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EARNINGS COMPONENTS (\$ millions after income taxes)	Year ended December 2001
OPERATIONAL EARNINGS	433

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NATURAL GAS	
Asset divestments	4
Restructuring	1
STUART OIL SHALE PROJECT	
Partial asset write-down	(3)
OIL SANDS	
Start-up expenses - Project Millennium	(90)
ADJUSTMENT RELATED TO REVALUATION OF FUTURE INCOME TAX BALANCES	43
NET EARNINGS	388
* The determination of operational earnings for 2000 has been restated to be consistent with the treatment and presentation in 2001 of the "adjustment related to revaluation of future income tax balances" noted above.	

CASH FLOW COMPONENTS (\$ millions)	Year ended December 2001
OPERATIONAL CASH FLOW	1,061
NATURAL GAS	
Restructuring costs	(1)
OIL SANDS	
Start-up expenses - Project Millennium	(141)
Overburden removal - Project Millennium	(88)
CASH FLOW FROM OPERATIONS	831

OPERATING HIGHLIGHTS DURING 2001

OIL SANDS

Oil Sands production hit a new record in 2001, averaging 123,200 barrels per day, up approximately eight per cent from 2000. Cash operating costs at Oil Sands increased during the year to \$17.00 per barrel, including Project Millennium start-up costs.

OIL SANDS CASH OPERATING COSTS (dollars per barrel)	Year ended December 2001
Base plant	11.90

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Start-up expenses - Project Millennium	5.10
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TOTAL CASH OPERATING COSTS	17.00
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### NATURAL GAS

Suncor's Natural Gas business production averaged 33,400 BOE per day, down from 40,500 BOE per day in 2000. Although production decreased, a reflection of asset divestments in 2000, the business benefited from increased commodity prices that contributed to improved operational earnings.

### SUNOCO

Sunoco, Suncor's refining and marketing arm, recorded higher operational earnings in 2001 that reflected the higher margins from industrial/commercial sales channels, stronger retail natural gas margins, and continued growth in sales volume. Refining margins were lower compared to last year.

### FOURTH QUARTER RESULTS

Suncor's earnings for the fourth quarter 2001 were \$26 million (\$0.09 per common share), compared to \$111 million (\$0.47 per common share) in the fourth quarter of 2000.

Operational earnings in the fourth quarter were \$71 million, compared to \$108 million in the fourth quarter of 2000. This \$37 million decrease in operational earnings reflects lower crude oil and natural gas prices, lower refining margins and a higher anticipated proportion of lower value (sour crude oil) production associated with the start-up of Project Millennium. Prices and margins remained volatile in light of weakening demand coinciding with the global economic slowdown, events of September 11 and warmer weather. Partially offsetting these factors were lower crude oil hedging losses and higher oil production.

Operational cash flow was \$242 million, compared with \$236 million last year. Revenues in the fourth quarter of 2001 were \$883 million, compared to \$927 million in the fourth quarter of 2000.

EARNINGS COMPONENTS (\$ millions after income taxes)	Fourth Quarter 2001
OPERATIONAL EARNINGS	71
NATURAL GAS	
Asset divestments	4
OIL SANDS	
Start-up expenses - Project Millennium	(49)
ADJUSTMENT RELATED TO REVALUATION OF FUTURE INCOME TAX BALANCES	-
NET EARNINGS	26

\* The determination of operational earnings for 2000 has been restated to be consistent with the treatment and presentation

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in 2001 of the "adjustment related to revaluation of future income tax balances" in 2001 noted above.

CASH FLOW COMPONENTS (\$ millions)	2001	Fourth Quarter
OPERATIONAL CASH FLOW	242	
OIL SANDS		
Start-up expenses - Project Millennium	(76)	
Overburden removal - Project Millennium	(33)	
CASH FLOW FROM OPERATIONS	133	

### OIL SANDS

For the fourth quarter of 2001, Oil Sands recorded earnings of \$37 million, down from fourth quarter 2000 earnings of \$68 million. Operational earnings were \$86 million, before the impact of start-up expenses associated with Project Millennium, compared to operational earnings of \$71 million in the same period in 2000. The \$15 million increase in operational earnings primarily reflects higher sales volumes from the Project Millennium facilities and lower hedging losses. The expenses associated with the start-up of Project Millennium have been excluded from operational earnings. If the incremental start-up volumes had been excluded from the determination of operational earnings, it is estimated that operational earnings would have been lower compared to the fourth quarter of 2000. Partially offsetting the above favourable factors were lower commodity prices and the sale of proportionately more lower-value sour oil products.

Oil Sands production during the fourth quarter averaged 153,000 barrels of oil per day, compared to 110,000 barrels per day during the same period in 2000. The production increase was the result of Project Millennium start-up volumes, offset by production losses in October that occurred as a result of an unscheduled seven-day maintenance shutdown.

Base plant cash operating costs for the fourth quarter were \$9.35 per barrel, before start-up expenses associated with Project Millennium. Not all of the expenses associated with the additional volumes from Millennium are included in the \$9.35 per barrel cash cost. As a result, the \$9.35 per barrel cash cost is not indicative of cash costs in the future.

OIL SANDS CASH OPERATING COSTS (dollars per barrel)	2001	Fourth Quarter	2000
Base plant	9.35		14.
Start-up expenses - Project Millennium	8.10		1.

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TOTAL CASH OPERATING COSTS	17.45	16.
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### NATURAL GAS

Natural Gas reported \$12 million in earnings for the fourth quarter of 2001, compared with \$31 million in the same period in 2000. Operational earnings in the fourth quarter of 2001 declined to \$8 million, compared to \$31 million for the fourth quarter of 2000. Gas prices in the fourth quarter averaged \$3.10 per thousand cubic feet, 61 per cent lower than in the fourth quarter of 2000. Although production was three per cent lower in the fourth quarter of 2001, compared to the fourth quarter of 2000, Natural Gas exited December with a production rate that was slightly higher than the previous year.

Finding and development costs (excluding acquisitions) for the five-year period ended 2001 were \$11.30 per BOE, compared to \$7.70 per BOE for the five-year period ending 2000. Natural Gas activities over the last two years have been directed towards bringing non-producing reserves to the producing stage in support of the business's 2002 production goal of an average of 180 to 190 mmcf per day.

### SUNOCO

Sunoco had breakeven earnings in the fourth quarter of 2001, compared to earnings of \$23 million in the fourth quarter of 2000. Operational earnings were breakeven for the fourth quarter of 2001, compared to operational earnings of \$17 million in the fourth quarter 2000. The Rack-Back business had an operational loss of \$8 million in the quarter, compared to operational earnings of \$16 million in the fourth quarter of 2000, reflecting a 36 per cent decline in refining margins. The quarter was also impacted by a two-week extension of a planned turnaround at the Sarnia Refinery. Sunoco's Rack-Forward business had operational earnings of \$8 million in the fourth quarter 2001, up from \$1 million in the same period last year.

### CORPORATE

The corporate centre had costs of \$23 million in the fourth quarter of 2001, compared to \$11 million in the fourth quarter of 2000. This increase reflects higher interest costs, an increase in funding to the Suncor Energy Foundation and higher compensation costs including the effect associated with a higher share price that increased incentive plan costs.

On January 10, 2002, Suncor filed a US\$1 billion unallocated base shelf prospectus with securities regulators in Canada and the United States for the issuance of securities. Suncor will monitor the debt capital markets for opportunities to refinance bank debt with longer-term debt.

Suncor Energy is an integrated Canadian energy company. Suncor's Oil Sands business, located near Fort McMurray, AB, mines and upgrades oil sand into custom-blended refinery feedstock and premium transportation fuels. Suncor is also a conventional natural gas producer in western Canada and operates a refining and marketing business in Ontario under the Sunoco brand. At the same time as Suncor meets today's energy needs, the company invests in alternative and renewable energy for the future. Suncor's common shares and preferred securities are listed for trading on the Toronto and New York stock exchanges.

CERTAIN STATEMENTS IN THIS NEWS RELEASE ARE FORWARD-LOOKING, INCLUDING

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STATEMENTS ABOUT SUNCOR'S STRATEGY FOR GROWTH, EXPECTED EXPENDITURES, COMMODITY PRICES, COSTS, SCHEDULES AND OPERATING OR FINANCIAL RESULTS. THESE STATEMENTS MAY BE IDENTIFIED BY WORDS LIKE "EXPECTS," "PLANS," AND SIMILAR EXPRESSIONS. THESE STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AS THEY ARE BASED ON A CURRENT FACTS AND ASSUMPTIONS AND INVOLVE RISKS AND UNCERTAINTIES. SUNCOR'S ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY ITS FORWARD LOOKING STATEMENTS AS A RESULT OF KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS. THESE INCLUDE: CHANGES IN THE GENERAL ECONOMIC, MARKET AND BUSINESS CONDITIONS; FLUCTUATIONS IN SUPPLY AND DEMAND FOR SUNCOR'S PRODUCTS; FLUCTUATIONS IN COMMODITY PRICES;

FLUCTUATIONS IN CURRENCY EXCHANGE RATES; SUNCOR'S ABILITY TO RESPOND TO CHANGING MARKETS AND ACCESS THE CAPITAL MARKETS; THE ABILITY OF SUNCOR TO RECEIVE TIMELY REGULATORY APPROVALS; THE INTEGRITY AND RELIABILITY OF SUNCOR'S CAPITAL ASSETS; THE CUMULATIVE IMPACT OF OTHER RESOURCE DEVELOPMENT PROJECTS; SUNCOR'S ABILITY TO COMPLY WITH CURRENT AND FUTURE ENVIRONMENTAL LAWS; THE ACCURACY OF SUNCOR'S PRODUCTION ESTIMATES AND PRODUCTION LEVELS AND ITS SUCCESS AT EXPLORATION AND DEVELOPMENT DRILLING AND RELATED ACTIVITIES; THE MAINTENANCE OF SATISFACTORY RELATIONSHIPS WITH UNIONS, EMPLOYEE ASSOCIATIONS, JOINT VENTURES, SUPPLIERS AND CUSTOMERS; COMPETITIVE ACTIONS OF OTHER COMPANIES, INCLUDING INCREASED COMPETITION FROM OTHER OIL AND GAS COMPANIES OR FROM COMPANIES WHICH PROVIDE ALTERNATIVE SOURCES OF ENERGY; THE UNCERTAINTIES RESULTING FROM POTENTIAL DELAYS OR CHANGES IN PLANS WITH RESPECT TO EXPLORATION OR DEVELOPMENT PROJECTS OR CAPITAL EXPENDITURES; ACTIONS BY GOVERNMENTAL AUTHORITIES INCLUDING INCREASING TAXES, CHANGES IN ENVIRONMENTAL AND OTHER REGULATIONS; THE ABILITY AND WILLINGNESS OF PARTIES WITH WHOM SUNCOR HAS MATERIAL RELATIONSHIPS TO PERFORM THEIR OBLIGATIONS TO SUNCOR; THE OCCURRENCE OF UNEXPECTED EVENTS SUCH AS FIRES, BLOWOUTS, FREEZE-UPS, EQUIPMENT FAILURES AND OTHER SIMILAR EVENTS AFFECTING SUNCOR OR OTHER PARTIES WHOSE OPERATIONS OR ASSETS DIRECTLY OR INDIRECTLY AFFECT SUNCOR; AND THE SUCCESSFUL AND TIMELY IMPLEMENTATION OF ITS GROWTH PROJECTS INCLUDING THE FIREBAG IN-SITU OIL SANDS PROJECT AND PROJECT VOYAGEUR. IN ADDITION, PROJECT VOYAGEUR WILL REQUIRE REGULATORY APPROVAL TO INCREASE UPGRADING CAPACITY, ACCELERATE OIL SANDS MINING AND EXPAND IN-SITU DEVELOPMENT, AS WELL AS FAVOURABLE FISCAL AND MARKET CONDITIONS AND THE APPROVAL OF SUNCOR'S BOARD OF DIRECTORS. SEE SUNCOR'S CURRENT ANNUAL INFORMATION FORM, ANNUAL REPORT AND INTERIM REPORTS AND OTHER DOCUMENTS SUNCOR FILES WITH SECURITIES REGULATORY AUTHORITIES, FOR FURTHER DETAILS.

-30-

For more information about Suncor, visit our website at [www.suncor.com](http://www.suncor.com) or contact: John Rogers (403) 269-8670.

SUNCOR ENERGY INC.  
CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited)

(\$ millions)	Fourth quarter	
	2001	2000
REVENUES (note 2)	883	927

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EXPENSES		
Purchases of crude oil and products (note 2)	291	232
Operating, selling and general	273	271
Exploration	15	12
Royalties	15	65
Taxes other than income taxes	93	92
Depreciation, depletion and amortization	101	94
(Gain) loss on disposal of assets	(9)	1
Start-up expenses - Project Millennium (note 3)	76	5
Write off of oil shale assets (note 5)	-	-
Restructuring	-	-
Interest	3	2
	858	774
EARNINGS BEFORE INCOME TAXES	25	153
PROVISION FOR INCOME TAXES		
Current	(12)	7
Future (note 6)	11	35
	(1)	42
NET EARNINGS	26	111
Dividends on preferred securities	(5)	(7)
Net earnings attributable to common shareholders	21	104
PER COMMON SHARE (dollars)		
Net earnings attributable to common shareholders (Note 7)		
- basic	0.09	0.47
- diluted	0.09	0.46
Cash dividends	0.085	0.085

(See accompanying notes)

SUNCOR ENERGY INC.  
CONSOLIDATED BALANCE SHEETS

(unaudited)

(\$ millions)

DECEMBER 31  
2001

ASSETS	
Current assets	
Cash and cash equivalents	1
Accounts receivable	306
Income taxes recoverable	28
Future income taxes	29
Inventories	258



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Total current assets		-----	622	
Property, plant and equipment, net		-----	7,141	
Deferred charges and other			199	
Future income taxes			132	
Total assets		-----	8,094	
		=====		
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Short-term borrowings			31	
Accounts payable			351	
Accrued liabilities			321	
Income taxes payable			-	
Future income taxes			28	
Taxes other than income taxes			42	
Current portion of long-term borrowings			-	
Total current liabilities		-----	773	
Long-term borrowings			3,113	
Accrued liabilities and other			251	
Future income taxes			1,180	
Shareholders' equity (see below)			2,777	
Total liabilities and shareholders' equity		-----	8,094	
		=====		
Shareholders' equity:				
	Number			
	-----			-----
Preferred securities	17,540,000		514	17,5
Share capital	222,978,245		555	221,9
Retained earnings			1,708	
			-----	
			2,777	
		=====		

(See accompanying notes)

SUNCOR ENERGY INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

(\$ millions)	Fourth quarter	
	2001	2000
	-----	-----
OPERATING ACTIVITIES		
Cash flow provided from operations (1), (2)	133	216
Decrease (increase) in operating working capital		
Accounts receivable	42	(18)
Inventories	(19)	(31)
Accounts payable and accrued liabilities	33	76
Taxes payable	(1)	7
	-----	-----

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CASH PROVIDED FROM OPERATING ACTIVITIES	188	250
CASH USED IN INVESTING ACTIVITIES (2)	(400)	(541)
NET CASH DEFICIENCY BEFORE FINANCING ACTIVITIES	(212)	(291)
FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	9	39
Proceeds from issuance of long-term borrowings (Note 8)	-	-
Net increase (decrease) in other long-term borrowings	232	175
Issuance of common shares under stock option plan	1	1
Dividends paid on preferred securities (3)	(12)	(12)
Dividends paid on common shares	(18)	(17)
CASH PROVIDED FROM FINANCING ACTIVITIES	212	186
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(105)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1	126
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1	21
PER COMMON SHARE (dollars)		
(1) Cash flow provided from operations	0.59	0.97
(3) Dividends paid on preferred securities (pre-tax)	0.05	0.05
Cash flow provided from operations after deducting dividends paid on preferred securities	0.54	0.92

(2) See Schedules of Segmented Data

(See accompanying notes)

SUNCOR ENERGY INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(unaudited)

(\$ millions)	Preferred Securities	Share Capital
AT DECEMBER 31, 1999	514	524
Net earnings	-	-
Dividends paid on preferred securities	-	-
Dividends paid on common shares	-	-
Issued for cash under stock option plan	-	9
Issued under dividend reinvestment plan	-	4
Income taxes - impact of new standard	-	-
AT DECEMBER 31, 2000	514	537
Net earnings	-	-
Dividends paid on preferred securities	-	-

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Dividends paid on common shares	-	-	
Issued for cash under stock option plan	-	15	
Issued under dividend reinvestment plan	-	3	
	-----	-----	-----
AT DECEMBER 31, 2001	514	555	-----

(See accompanying notes)

### COMMON SHARE INFORMATION for the years ended December 31

		2001	
		-----	
Average number outstanding, weighted monthly (thousands)		222,515	=====
as at December 31			
Share price at end of trading			
Toronto Stock Exchange	- \$Canadian	52.40	=====
New York Stock Exchange	- \$U.S.	32.90	=====
Book value per common share			
	- \$Canadian	10.15	=====
	- \$U.S.	6.37	=====
Common share options outstanding		5,884,035	=====
 RATIOS (unaudited) as at December 31			
Debt to debt plus shareholders' equity (%)		53.1	=====
Net tangible asset coverage on long-term debt (times)			
Before deduction of future income taxes		2.2	=====
After deduction of future income taxes		1.9	=====
for the years ended December 31			
Debt to cash flow provided from operations (times)		3.8	=====
Interest coverage on long-term debt (times)			
Net earnings		3.7	=====
Cash flow from operations		5.9	=====

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SUNCOR ENERGY INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 1. ACCOUNTING POLICIES

These financial statements follow the same accounting policies and methods of computation as, and should be read in conjunction with, the most recent annual financial statements, with the exception to the elimination of intercompany sales as discussed in note 2.

### 2. ELIMINATION OF INTERCOMPANY SALES

During the first quarter of 2001, the company changed the methodology of accounting for sales from its upstream operations (Oil Sands and Natural Gas) to its downstream operations (Sunoco) from a deeming concept to the actual tracking of product shipped. This change was made to better reflect the current operational activities within the company. This prospective change increased sales and other operating revenues and purchases of crude oil by \$128 million for the quarter and \$473 million year to date and has no impact on consolidated and segmented net earnings in the accompanying financial statements.

### 3. START-UP EXPENSES

Start-up expenses represent pre-operating costs incurred in the commissioning of the company's Oil Sands Project Millenium.

### 4. SUPPLEMENTAL INFORMATION

(\$ millions)	For the years ended December	
	2001	2000
Interest paid	129	104
Income taxes paid	23	20
Interest expense		
Long term interest cost	143	112
Capitalized interest	(125)	(104)
	18	8

(\$ millions)	Fourth quarter	
	2001	2000
Interest paid	18	23
Income taxes paid	-	5

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Interest expense

Long term interest cost	36	34
Capitalized interest	(33)	(32)
	3	2

HEDGE POSITION UPDATE AS AT DECEMBER 31

	QUANTITY		\$US (WTI)	\$CDN
2001				
Crude Oil	47,500 bbl/day	@	\$18.75	\$29.86*
	10,000 bbl/day	@	\$26.00 - \$31.88 (costless collar)	\$41.41 - \$50.77 * (costless collar)
2002				
Crude Oil	41,000 bbl/day	@	\$20.06	\$31.95 *
	10,000 bbl/day	@	\$21.00 - \$26.19 (costless collar)	\$33.44 - \$41.71 * (costless collar)
	12,000 bbl/day	@	\$22.00 - \$26.28 (costless collar)	\$35.04 - \$41.85* (costless collar)
	18,000 bbl/day	@	\$23.00 - \$27.59 (costless collar)	\$36.63 - \$43.94 * (costless collar)
	3,000 bbl/day	@	\$23.50 - \$28.15 (costless collar)	\$37.43 - \$44.83 * (costless collar)
2003				
Crude Oil	44,000 bbl/day	@	\$21.00 - \$25.74 (costless collar)	\$33.44 - \$40.99 * (costless collar)
2004				
Crude Oil	11,000 bbl/day	@	\$21.00 - \$23.65 (costless collar)	\$33.44 - \$37.66 * (costless collar)
2005				
Crude Oil	15,000 bbl/day	@	\$21.58	\$34.37 *

\* For presentation purposes, these \$US hedges have been converted to a \$CDN equivalent based on the month end \$US/\$CDN exchange rate of 1.5926.

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For 2001 and 2002, Suncor has in place U.S. dollar swaps in the amounts of U.S. \$312 million and \$314 million respectively, at an exchange rate of Canadian\$ to U.S.\$ of \$0.71.

### 5. OIL SHALE PROJECT

Effective April 5, 2001, the company sold its interest in the Stuart Oil Shale Project to joint venture co-owners Southern Pacific Petroleum NL and Central Pacific Minerals NL (SPP/CPM). Under the terms of the purchase, the company retains a 5% royalty interest in Stage 1 of the project and SPP/CPM and Suncor retain world wide rights to the ATP technology. The company made total payments as part of the transaction in the amount of \$5 million (AUD\$7 million), which SPP/CPM will use to fund Stage 1 operating, capital and transition costs. The company received 2.5 million SPP shares and 0.926 million CPM shares in consideration. SPP/CPM issued the company 12.5 million SPP share options and 4.6 million CPM share options, exercisable over five years at a strike price of AUD\$1.25 per SPP share and AUD\$3.38 per CPM share. Suncor has agreed to surrender its partly paid Restricted Class shares (SPP 57 million and CPM 18.85 million) which were acquired in 1997.

During the second quarter of 2001, the company wrote off the carrying value of the capital assets and extinguished the long-term borrowings and accrued interest. The earnings impact of the sale of our remaining interest in the project was \$48 million pre-tax, \$3 million after-tax.

### 6. INCOME TAX RATE REDUCTION

Effective April 1, 2001, the Alberta and Ontario governments passed legislation that reduced the provincial income tax rates. The future tax balances for the company have been revalued at the new rates resulting in a cumulative future tax recovery of \$43 million. The new rates are reflected in the tax provisions for the current period. The income tax rate reduction does not affect the company's cash flow or liquidity.

### 7. EARNINGS PER COMMON SHARE

The following table provides a reconciliation between basic and diluted earnings per common share:

(\$ MILLIONS)	Fourth quarter		Years ended December 31	
	2001	2000	2001	2000
Net earnings attributable to common shareholders	21	104	362	351
Dividends on preferred securities	-**	6	-**	26***
Net earnings before deducting dividends on preferred securities	21**	110***	362**	377***
(MILLIONS OF COMMON SHARES )				

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Weighted-average number of common shares	223	222	222	221
-----				
Dilutive securities:				
-----				
Options/shares issued under long term incentive plan	3	2	3	2
-----				
Preferred securities converted	-**	15***	-**	17***
-----				
Weighted-average number of diluted common shares	226	239	225	240
-----				
(DOLLARS PER COMMON SHARE)				
-----				
Basic earnings per share	0.09*	0.47*	1.63*	1.58*
-----				
Diluted earnings per share	0.09**	0.46***	1.61**	1.57***
-----				

\* Basic earnings per share is the net earnings attributable to common shareholders divided by the weighted-average number of common shares.

\*\* For the quarter and year ended December 31, 2001, diluted earnings per share is the net earnings attributable to common shareholders divided by the weighted-average number of diluted common shares. Dividends on preferred securities of \$5 million and \$26 million respectively, and preferred securities converted of 12 million shares and 13 million shares respectively, have an anti-dilutive impact, therefore they are not included in the calculation of diluted earnings per share.

\*\*\* For the quarter and year ended December 31, 2000, diluted earnings per share is the net earnings before deducting dividends on preferred securities divided by the weighted-average number of diluted common shares.

### 8. ISSUANCE OF MEDIUM TERM NOTES

On August 21, 2001, the company issued \$500 million of Series 2 Medium Term Notes at an interest rate of 6.7%, which is payable semi-annually. The net proceeds received were used to repay commercial paper and bank borrowings. These notes will mature August 22, 2011.

### 9. RESTRUCTURING

In 2000, the carrying value of certain assets of the company's Natural Gas business were written down to their net estimated recoverable amount and a provision for estimated restructuring costs was recorded.

In the third quarter of 2001, some of these properties that were previously written down were sold, realizing a gain before tax of \$3 million. Provisions for estimated restructuring costs were also increased by \$1 million before tax to reflect increased employee termination.

SUNCOR ENERGY INC.  
SCHEDULES OF SEGMENTED DATA  
(unaudited)

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(\$ millions)	Oil Sands		Natural Gas		Sunoco	
	2001	2000	2001	2000	2001	2000
<b>EARNINGS</b>						
For the years ended December 31						
<b>REVENUES</b>						
Sales and other operating revenues	1,227	544	178	237	2,585	2,604
Intersegment revenues	158	792	271	191	3	-
Interest	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
	1,385	1,336	449	428	2,588	2,604
<b>EXPENSES</b>						
Purchases of crude oil and products	99	3	-	-	1,721	1,783
Operating, selling and general	481	467	64	74	350	310
Exploration	-	-	22	53	-	-
Royalties	30	98	104	101	-	-
Taxes other than income taxes	12	12	3	3	351	345
Depreciation, depletion and amortization	233	232	70	78	56	54
(Gain) loss on disposal of assets	1	-	(8)	(147)	-	(1)
Start-up expenses - Project Millennium	141	15	-	-	-	-
Write off of oil shale assets	-	-	-	-	-	-
Restructuring	-	-	(2)	65	-	-
Interest	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
	997	827	253	227	2,478	2,491
<b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>						
Provision for income taxes	(105)	(194)	(79)	(103)	(30)	(32)
<b>NET EARNINGS (LOSS)</b>						
	=====	=====	=====	=====	=====	=====
	283	315	117	98	80	81
<b>CAPITAL EMPLOYED</b>						
As at December 31	1,398	1,412	317	412	483	386
	=====	=====	=====	=====	=====	=====
Twelve months ended December 31						
<b>RETURN ON AVERAGE</b>						
CAPITAL EMPLOYED (%)	20.1	22.8	32.1	17.2	18.4	20.5
	=====	=====	=====	=====	=====	=====
<b>RETURN ON AVERAGE</b>						
CAPITAL EMPLOYED (%) *	6.4	10.6	32.1	17.2	18.4	20.5
	=====	=====	=====	=====	=====	=====

\* The company's definition of capital employed excludes capitalized costs related to major projects in progress. If capital employed were to include these capitalized costs, the return on average capital employed would be as stated on this line.

SUNCOR ENERGY INC.  
SCHEDULES OF SEGMENTED DATA (cont'd)  
(unaudited)



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(\$ millions)	Oil Sands		Natural Gas		Sunoco	
	2001	2000	2001	2000	2001	2000
CASH FLOW BEFORE FINANCING ACTIVITIES For the years ended December 31						
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES:						
Cash flow provided from (used in) operations						
Net earnings (loss)	283	315	117	98	80	81
Exploration expenses						
Cash	-	-	12	12	-	-
Dry hole costs	-	-	10	41	-	-
Non-cash items included in earnings						
Depreciation, depletion and amortization	233	232	70	78	56	54
Future income taxes	89	189	76	101	18	(16)
Current income tax provision allocated to Corporate	17	5	3	2	12	48
(Gain) loss on disposal of assets	1	-	(8)	(147)	-	(1)
Write off of oil shale assets	-	-	-	-	-	-
Restructuring	-	-	(3)	56	-	-
Other	(5)	(12)	3	(4)	2	6
Overburden removal outlays	(31)	(48)	-	-	-	-
Overburden removal outlays - Project Millennium	(88)	(27)	-	-	-	-
Increase (decrease) in deferred credits and other	(13)	1	-	1	(3)	2
Total cash flow provided from (used in) operations	486	655	280	238	165	174
Decrease (increase) in operating working capital	(35)	(169)	44	27	17	40
Total cash provided from (used in) operating activities	451	486	324	265	182	214
CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES:						
Capital and exploration expenditures	(1,479)	(1,808)	(132)	(127)	(54)	(45)
Deferred maintenance shutdown expenditures	(5)	(3)	(2)	(1)	(9)	(9)
Deferred outlays and other investments	(2)	(5)	(1)	-	(9)	(7)
Proceeds from disposals	10	101	22	314	1	2
Total cash provided from (used in) investing activities	(1,476)	(1,715)	(113)	186	(71)	(59)
NET CASH SURPLUS (DEFICIENCY) BEFORE FINANCING ACTIVITIES	(1,025)	(1,229)	211	451	111	155

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SUNCOR ENERGY INC.  
SCHEDULES OF SEGMENTED DATA

(unaudited)

(\$ millions)	Oil Sands		Natural Gas		Sunoco		and
	2001	2000	2001	2000	2001	2000	2000
<b>EARNINGS</b>							
Fourth quarter							
<b>REVENUES</b>							
Sales and other operating revenues	298	122	26	80	558	724	
Intersegment revenues	34	202	37	71	-	-	(7)
Interest	-	-	-	-	-	-	-
	---	---	---	---	---	---	---
	332	324	63	151	558	724	(7)
<b>EXPENSES</b>							
Purchases of crude oil and products	9	1	-	-	355	505	(7)
Operating, selling and general	115	131	18	21	98	92	4
Exploration	-	-	15	12	-	-	-
Royalties	5	25	10	40	-	-	-
Taxes other than income taxes	3	3	1	-	89	88	-
Depreciation, depletion and amortization	67	62	18	18	15	13	-
(Gain) loss on disposal of assets	-	-	(9)	1	-	-	-
Start-up expenses - Project Millennium	76	5	-	-	-	-	-
Interest	-	-	-	-	-	-	-
	---	---	---	---	---	---	---
	275	227	53	92	557	698	(2)
	---	---	---	---	---	---	---
<b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>	57	97	10	59	1	26	(4)
Provision for Income taxes	(20)	(29)	2	(28)	(1)	(3)	2
	---	---	---	---	---	---	---
<b>NET EARNINGS (LOSS)</b>	37	68	12	31	-	23	(2)
	===	===	==	===	===	===	==

SUNCOR ENERGY INC.  
SCHEDULES OF SEGMENTED DATA (cont'd)

(unaudited)

(\$ millions)	Oil Sands		Natural Gas		Sunoco		and
	2001	2000	2001	2000	2001	2000	2000
<b>CASH FLOW BEFORE FINANCING ACTIVITIES</b>							
Fourth quarter							
<b>CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES:</b>							
Cash flow provided from							

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(used in) operations							
Net earnings (loss)	37	68	12	31	-	23	(2)
Exploration expenses							
Cash	-	-	8	2	-	-	
Dry hole costs	-	-	7	10	-	-	
Non-cash items included in earnings							
Depreciation, depletion and amortization	67	62	18	18	15	13	
Future income taxes	17	36	(3)	27	22	(20)	(2)
Current income tax provision allocated to Corporate	4	(7)	1	1	(21)	23	1
(Gain) loss on disposal of assets	-	-	(9)	1	-	-	
Restructuring	-	-	-	-	-	-	
Other	4	(15)	1	(6)	-	-	
Overburden removal outlays	(8)	(14)	-	-	-	-	
Overburden removal outlays - Project Millennium	(33)	(15)	-	-	-	-	
Increase (decrease) in deferred credits and other	2	4	-	-	2	2	1
	----	----	----	----	----	----	----
Total cash flow provided from (used in) operations	90	119	35	84	18	41	(1)
Decrease (increase) in operating working capital	19	(18)	(8)	(15)	49	57	(
	----	----	----	----	----	----	----
Total cash provided from (used in) operating activities	109	101	27	69	67	98	(1)
	----	----	----	----	----	----	----
CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES:							
Capital and exploration expenditures	(313)	(480)	(48)	(32)	(28)	(15)	(
Deferred maintenance shutdown expenditures	(1)	(2)	-	(1)	(9)	-	
Deferred outlays and other investments	-	-	-	-	(9)	(1)	(
Proceeds from disposals	-	-	13	-	1	-	
	----	----	----	----	----	----	----
Total cash provided from (used in) investing activities	(314)	(482)	(35)	(33)	(45)	(16)	(
	----	----	----	----	----	----	----
NET CASH SURPLUS (DEFICIENCY) BEFORE FINANCING ACTIVITIES	(205)	(381)	(8)	36	22	82	(2)
	=====	=====	=====	=====	=====	=====	=====

SUNCOR ENERGY INC.  
 QUARTERLY OPERATING SUMMARY  
 (unaudited)

For the quarter ended

DEC 31	Sept 30	June 30	Mar 31	Dec 31
2001	2001	2001	2001	2001
-----	-----	-----	-----	-----

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OIL SANDS					
PRODUCTION (a)	153.0	116.5	109.7	113.4	110.
SALES (a)					
- light sweet crude oil	62.4	54.2	55.0	53.0	64.
- diesel	15.3	15.0	15.2	13.5	11.
- light sour crude oil	64.3	40.6	31.5	31.4	27.
- bitumen	4.3	8.0	13.0	8.6	11.
	-----	-----	-----	-----	-----
	146.3	117.8	114.7	106.5	113.
	-----	-----	-----	-----	-----
AVERAGE SALES PRICE (b)					
- light sweet crude oil	30.22	35.20	36.05	36.09	37.2
- other (diesel, light sour crude oil and bitumen)	20.12	28.21	27.12	25.66	23.7
- total	24.43	31.43	31.40	30.84	31.3
- total *	25.65	37.37	38.35	38.17	43.2
CASH OPERATING COSTS (1), (c)	17.45	18.25	17.00	15.40	16.4
TOTAL OPERATING COSTS (2), (c)	19.40	20.95	19.65	18.60	19.5
NATURAL GAS					
GROSS PRODUCTION **					
Conventional					
- natural gas (d)	180	176	177	177	18
- natural gas liquids (a)	2.4	2.4	2.3	2.3	2.
- crude oil (a) ***	1.3	1.5	1.5	1.7	1.
- total (e)	33.7	33.2	33.3	33.5	34.
AVERAGE SALES PRICE					
- natural gas (f)	3.10	3.90	6.78	10.73	8.0
- natural gas (f) *	3.09	3.90	6.82	10.81	8.0
- natural gas liquids (b)	23.47	30.26	39.32	45.07	43.0
- crude oil - conventional (b)	27.17	33.17	36.75	37.35	36.0
- crude oil - conventional (b) *	28.60	37.86	42.30	42.12	44.3
NET WELLS DRILLED					
Conventional - exploratory ****	14	1	3	2	
- development	6	7	3	2	
	-----	-----	-----	-----	-----
	20	8	6	4	
	-----	-----	-----	-----	-----

SUNCOR ENERGY INC.  
 QUARTERLY OPERATING SUMMARY  
 (unaudited)

	For the quarter ended				
	DEC 31	Sept 30	June 30	Mar 31	Dec 31
	2001	2001	2001	2001	2001
	-----	-----	-----	-----	-----
SUNOCO					
REFINED PRODUCT SALES (g)					
Transportation fuels					
Gasoline - retail *****	4.5	4.4	4.3	4.1	4.

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- other	4.3	4.6	4.5	4.0	4.
Jet fuel	0.4	0.7	0.7	1.1	1.
Diesel	2.9	3.0	3.5	3.1	3.
	-----	-----	-----	-----	-----
	12.1	12.7	13.0	12.3	12.
Petrochemicals	0.4	0.6	0.6	0.5	0.
Heating oils	0.4	0.2	0.3	0.8	0.
Heavy fuel oils	0.6	0.9	0.8	0.9	0.
Other	0.5	0.7	0.6	0.4	0.
	-----	-----	-----	-----	-----
	14.0	15.1	15.3	14.9	15.
	-----	-----	-----	-----	-----
NATURAL GAS SALES (d)	92	95	102	92	9
	-----	-----	-----	-----	-----
MARGINS (h)					
Refining (3)	3.7	4.3	8.1	6.2	5.
Retail (4)	6.9	5.9	7.6	6.1	7.
CRUDE OIL SUPPLY AND REFINING					
Processed at Suncor refinery (g)	9.2	11.0	10.9	9.8	10.
Utilization of refining capacity (%)	83	99	98	88	9

\* Excludes the impact of hedging activities.

\*\* Currently all Natural Gas production is located in the Western Canada Sedimentary Basin.

\*\*\* Before deducting fourth quarter 2001 Alberta Crown royalty of 0.2 thousand barrels per day (fourth quarter 2000 - 0.2 thousand barrels per day).

\*\*\*\* Excludes exploratory wells in progress.

\*\*\*\*\* Excludes sales through joint venture interests.

(a) thousands of barrels per day

(b) dollars per barrel

(c) dollars per barrel rounded to the nearest \$0.05

(d) millions of cubic feet per day

(e) BOE (6:1 basis) per day

(f) dollars per thousand cubic feet

(g) thousands of cubic metres per day

(h) cents per litre

DEFINITIONS

(1) Cash operating costs - operating, selling and general expenses, taxes other than income taxes and overburden cash expenditures for the period

(2) Total operating costs - cash and non-cash operating costs (total Oil Sands expenses less purchases of crude oil and products and royalties in Schedules of Segmented Data).

(3) Refining margin - average wholesale unit price from all products minus average unit cost of crude oil.

(4) Retail margin - average street price of Sunoco branded retail gasoline minus refining gasoline price.

METRIC CONVERSION

Crude oil, refined products, etc 1m3 (cubic metre) = approx. 6.29 barrels

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Natural gas

1m3 (cubic metre) = approx. 35.49 cubic feet

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNCOR ENERGY INC.

Date: January 17, 2002

By: "JANICE B. ODEGAARD"

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JANICE B. ODEGAARD  
Vice President, Associate General  
Counsel and Corporate Secretary